NORTHERN REVENUE SHARING TRUST ACCOUNT

SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2001

NORTHERN MUNICIPAL ADMINISTRATION

The Northern Municipal Administration unit along with the Community Facilitation unit of Community and Heritage Services Branch administer the northern settlements and recreational subdivisions and jointly provide a link between the Minister of Municipal Affairs and Housing and locally elected advisory committees of northern settlements.

These units foster the growth and development of northern communities and help them work toward autonomous municipal status. The units also assist northern municipalities to carry out their legislative and administrative responsibilities and provide them with advice and guidance in conducting their financial affairs and activities.

Community Facilitation

This unit of Community and Heritage Services Branch:

- provides advice, guidance and training to northern officials and the public on northern municipal matters, including administrative procedures, municipal accounting, bylaw enactment and enforcement, property taxation, and assessment;
- ensures that northern municipal governments operate in compliance with provincial statutes and regulations;
- provides monitoring and assistance to communities needing extra help with financial management;
- acts, through the Minister, as the council for 11 northern communities designated as northern settlements, 14 recreational subdivisions, and the Northern Saskatchewan Administration District; and
- provides municipal advisory services to 24 autonomous northern municipal governments.

Northern Municipal Administration

- administers the Northern Revenue Sharing Trust Account and the department's northern municipal operating, capital, and water and sewer grants programs; and
- provides municipal administration and accounting services for northern settlements and recreational subdivisions.

Financial Assistance

Northern Revenue Sharing Trust Account

Revenues collected on behalf of northern hamlets and school divisions are transferred to them for their administration.

Revenues not allocated during 2001 were used, in part, to fund the Northern Capital Grants Program, the Northern Municipal Water Assistance Grants Programs, and to supplement funding under the Northern Revenue Sharing Grants Program and the Canada Saskatchewan Infrastructure Program.

Northern Revenue Sharing Trust Account Summary of Taxes Levied and Collected

	2001	2000
Taxes Levied:		
Municipal	$ 1,148,649	$ 1,022,111
School	3,768,188	3,353,639
Total	$ 4,916,837	$ 4,375,750
Taxes Collected:		
Municipal	$ 1,125,676	$ 960,784
School	3,682,648	3,157,292
Total	$ 4,808,324	$ 4,118,076
Tax Collections (as % of Taxes Levied)	97.8%	94.1%

Northern Revenue Sharing Trust Account Statement of Administrative Expenses for the Year Ended December 31, 2001

Printing and Office Supplies	$ 3,716
Computer Maintenance and Repairs	2,857
Advertising	350
Insurance	525
Management Board Fees and Expenses	96,158
Other Fees and Services	271,698
Tax Discounts and Related Costs	50,657
Capital Expenditures	2,649
Saskatchewan Environment and Resource Management - Administration Charge	430,000
Saskatchewan Municipal Affairs and Housing - Administration Charge	200,000
Total	$ 1,058,800

Northern Revenue Sharing Grants Program

- provides operational funding assistance to northern municipalities.

	2001	2000
Grant Payments:		
Towns	$ 551,084	$ 551,084
Northern Villages	3,587,534	3,587,534
Northern Hamlets	806,070	806,070
	$4,944,688	$4,944,688
Allocated to:		
Northern Settlements	625,356	625,356
Flin Flon Boundary Agreement	38,136	35,986
Total	$5,608,180	$5,606,030

Northern Capital Grants Program

- provides funding assistance to northern municipalities to assist them in the construction or upgrading of municipal facilities, and to acquire furniture, fixtures, and equipment.

	2001	2000
Number of Projects Funded:		
Towns	9	11
Northern Villages	23	15
Northern Hamlets	8	8
Northern Settlements	4	20
Total	44	54
Grant Payments:		
Towns	$ 163,451	$ 353,280
Northern Villages	553,622	390,719
Northern Hamlets	43,937	51,142
	761,010	795,141
Allocated to Northern Settlements	30,698	97,993
Total	$ 791,708	$ 893,134

Northern Water Assistance Grants Programs

Northern New Facilities Grants Program

- northern municipalities lacking conventional water and sewer systems are eligible for funding under this program;
- approved projects receive 100 percent funding for the design and construction of new water and sewer facilities or for the replacement of existing water and sewer mains.

	2001	2000
Number of Projects Funded:		
Northern Villages	1	5
Northern Hamlets	1	2
Northern Settlements	9	8
Total	11	15

	2001	2000
Grant Payments:		
Northern Villages	$ 3,708	$ 908,862
Northern Hamlets	3,486,333	82,107
	3,490,041	990,969
Allocated to Northern Settlements	910,569	76,597
Total	$4,400,609	$ 1,067,565

Northern Water and Sewer Upgrading Grants Program

- northern municipalities that have water and sewer systems are eligible for funding under this program;
- prior to November 29, 2000, northern municipalities were eligible to receive funding of up to 79% of the total project cost for expansion or upgrading of existing water and sewer facilities;
- effective November 29, 2000, *The Northern Revenue Sharing Grants Regulations* were amended to provide northern municipalities with funding assistance in an amount equal to the greater of:

  (a) the northern municipality's cost for any water and sewer expansion or upgrading projects less an amount equal to two mills on the most recent confirmed taxable assessment of the northern municipality; or,

  (b) 85% of the total cost of the project itself.

	2001	2000
Number of Projects Funded:		
Northern Villages	21	11
Northern Hamlets	2	2
Total	23	13

	2001	2000
Grant Payments:		
Northern Villages	$ 848,154	$ 683,982
Northern Hamlets	30,708	83,097
Sask Water Corporation	28,753	36,744
Total	$ 907,616	$ 803,823

Emergency Water and Sewer Program

- northern municipalities that have water and sewer systems are eligible for emergency funding under this program.
- Projects are approved by the Minister of Municipal Affairs and Housing on the recommendation of the Northern Revenue Sharing Trust Account Management Board and on confirmation from Saskatchewan Water Corporation that the situation is critical and that the project must proceed promptly.
- The maximum amount of assistance that is payable on behalf of a northern municipality pursuant to this program in any fiscal year is an amount equal to the greater of:

  (a) the northern municipality's cost of all water and sewer projects undertaken in that fiscal year less an amount equal to two mills on the most recently confirmed taxable assessment of the northern municipality; and

  (b) 85% of the northern municipality's cost of the emergency repair project.

	2001	2000
Number of Projects Funded:		
Northern Villages	7	-
Northern Hamlets	5	-
Northern Settlements	1	-
Total	13	-

	2001	2000
Grant Payments:		
Northern Villages	$ 238,362	$ -
Northern Hamlets	63,393	-
	301,755	-
Allocated to Northern Settlements	1,543	-
Total	$ 303,298	$ -

NORTHERN REVENUE SHARING TRUST ACCOUNT

FINANCIAL STATEMENTS

For the Year Ended December 31, 2001

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

SASKATCHEWAN

Phone: (306) 787-6398
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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Northern Revenue Sharing Trust Account as at December 31, 2001 and the statements of revenues, expenditures and net assets, and cash flows for the year then ended. The Northern Revenue Sharing Trust Account's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Revenue Sharing Trust Account as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
January 25, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
As at December 31

	2001	2000
Financial assets		
Cash	$ 1,526,048	$ 700,191
Temporary investments	22,750,000	23,850,000
Accounts receivable (Note 4)	1,855,334	690,068
Inventory	541,654	566,958
Land held for resale	26,099	20,998
Prepaid expenditures	107,599	111,210
Tax title property	8,560	8,560
	$ 26,815,294	$ 25,947,985
Liabilities		
Unearned revenue	$ 1,715,436	$ 1,706,447
Grants payable	1,401,778	1,371,697
Accounts payable	780,561	404,119
Revenues collected for others	148,329	174,664
	$ 4,046,104	$ 3,656,927
Net assets (Note 8)	$ 22,769,190	$ 22,291,058

Tangible capital assets (Note 5)
Commitments (Note 6)

(see accompanying notes to the financial statements)

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF REVENUES, EXPENDITURES AND NET ASSETS
For the Year Ended December 31

	2001		2000
	Budget (Note 7)	Actual	Actual
Revenues:			
Transfers (Note 10)	$ 9,162,789	$ 7,657,619	$ 7,422,114
Lease fees	4,180,040	3,997,976	4,206,744
Taxation	1,213,308	1,148,649	1,022,111
Interest	1,028,915	1,027,756	1,170,738
Utility and fuel supply sales	778,820	726,727	775,540
Land and capital asset sales	83,000	550,540	705,610
Other	144,167	133,695	202,807
	16,591,039	15,242,962	15,505,664
Expenditures: (Note 9)			
Transfers:			
Northern revenue sharing	5,208,640	5,156,824	5,196,673
Water and sewer	9,345,000	4,699,412	1,794,791
Northern capital	865,786	761,010	795,140
Northern residential subdivision program	---	506,310	---
Tangible capital asset expenditures (Note 5)	706,689	1,003,539	219,866
Municipal services:			
General government	1,127,410	946,152	875,760
Utilities and fuel operating costs	826,881	780,266	815,260
Transportation services	303,448	230,284	185,917
Community projects	199,046	142,813	88,308
Recreation and cultural	199,150	125,538	128,260
Environmental	193,418	112,781	110,787
Public health and welfare	16,086	9,297	2,830
Protective services	11,350	8,667	2,796
Bad debt provision	51,431	281,937	396,598
	19,054,335	14,764,830	10,612,986
Surplus (deficit) for the year	$ (2,463,296)	478,132	4,892,678
Net assets, beginning of year		22,291,058	17,398,380
Net assets, end of year		$ 22,769,190	$ 22,291,058

(see accompanying notes to the financial statements)

Statement 3

NORTHERN REVENUE SHARING TRUST ACCOUNT
CASH FLOW STATEMENT
As at December 31

	2001	2000
Cash provided by (used in):		
Operating activities:		
Surplus for the year	$ 478,132	$ 4,892,678
Change in non-cash working capital:		
Accounts receivable	(1,165,266)	84,946
Inventory	25,304	(146,563)
Land held for resale	(5,101)	(6,088)
Prepaid expenditures	3,611	4,553
Tax title property	---	(8,560)
Unearned revenue	8,989	111,867
Grants payable	30,081	(72,290)
Accounts payable	376,442	(720)
Revenues collected for others	(26,335)	45,521
Cash provided by operating activities	(274,143)	4,905,344
Investing activities:		
Purchase of temporary investments	(127,500,000)	(45,616,000)
Disposal of temporary investments	128,600,000	39,266,000
Cash provided by (used in) investing activities	1,100,000	(6,350,000)
Increase (decrease) in cash	825,857	(1,444,656)
Cash, beginning of year	700,191	2,144,847
Cash, end of year	$ 1,526,048	$ 700,191

(see accompanying notes to the financial statements)

NORTHERN REVENUE SHARING TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

1. Authority

The Northern Revenue Sharing Trust Account (NRSTA) was established by Section 287 of *The Northern Municipalities Act* (Act). NRSTA administers all revenues relating to the Northern Saskatchewan Administration District and all moneys appropriated by the Legislature for the purposes of northern revenue sharing and grant programs. In 2000, the Minister approved the northern residential subdivision program. During the year, NRSTA began developing residential lots under this program.

2. Significant Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting policies:

a) Tangible Capital Assets

Tangible capital assets are charged to expenditures in the year the asset is acquired.

b) Inventory

Inventory is fuel held for resale and is valued at the lower of cost determined on a FIFO basis and net realizable value.

c) Tax Title Property

Properties acquired through the tax enforcement process are recorded at the lower of the outstanding taxes and the net realizable value.

d) Revenues Collected for Others

Pursuant to the Act, NRSTA collects taxes for northern hamlets and northern school divisions. Taxes levied on behalf of northern hamlets and northern school divisions are not considered revenue of the NRSTA and are not reflected in the statement of revenues, expenditures and net assets. These taxes are remitted to the respective entities when received.

e) Revenue

Revenues are recorded on the accrual basis. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

f) Expenditures

Transfers include grants and project cost-sharing arrangements and are recognized as expenditures in the period during which the transfer is authorized and any eligibility criteria are met.

g) Unearned Revenue

Unearned revenue is revenue that will be earned in a subsequent fiscal year and includes Crown land leases.

h) Temporary Investments

Temporary investments are short-term deposits that mature within one year and are recorded at cost, which approximates their market value.

3. Financial Instruments

NRSTA's financial instruments include cash, temporary investments, accounts receivable, prepaid expenditures, grants payable, accounts payable and revenues collected for others. The fair value of these

instruments approximates carrying value due to their immediate or short-term nature. The interest rates on the short-term deposits range from 2.1% to 3.9% and a weighted average term to maturity of 68 days.

4. Accounts Receivable

	2001	2000
Due from the General Revenue Fund	$ 997,216	$ —
Lease receivable	323,196	—
Accrued interest	193,018	388,321
Fuel sales receivable	178,023	198,721
Receivable from Federal Government (GST)	115,464	65,975
Taxes	34,707	20,427
Other	13,710	16,624
	$ 1,855,334	$ 690,068

NRSTA's accounts receivable is subject to credit risk from the potential non-payment of lease fees. The amount of lease fees receivable shown above includes a provision of $605,378 for accounts that are considered doubtful.

5. Tangible Capital Assets

Tangible capital assets are recorded as expenditure in the year acquired and are not included in the Statement of Financial Position.

The following table is a summary of the assets, by classification:

	(thousands of dollars) 2001								2000
	Land	Buildings	Machinery & Equipment	Computer Hardware & Software	Office Furniture & Equipment	Other	Capital Works in Progress	Total	Total
Estimated useful life	not applicable	25 years	10 years	3 years	5 years	10 years	not applicable		
Opening cost	18	3,769	3,592	174	81	2,563	77	10,274	10,059
Additions	2	9	58	5	-	16	914	1,004	220
Disposals	-	(17)	(72)	-	(1)	(37)	-	(127)	(5)
Closing cost of tangible capital assets	20	3,761	3,578	179	80	2,542	991	11,151	10,274
Opening accumulated amortization	-	2,501	2,375	154	71	2,209	-	7,310	6,930
Annual amortization	-	135	169	10	2	65	-	381	382
Write-downs	-	-	-	-	-	-	-	-	-
Disposals	-	(9)	(60)	-	(1)	(36)	-	(106)	(2)
Closing accumulated amortization	-	2,627	2,484	164	72	2,238	-	7,585	7,310
Net Book Value of Tangible Capital Assets	20	1,134	1,094	15	8	304	991	3,566	2,964

Tangible capital assets are valued at historical cost. All costs directly attributable to the acquisition, construction, developrnent or betterment of the tangible capital assets are included.

Amortization is calculated using the straight-line method based on the estimated useful life of each asset after deducting the assets estimated residual value.

During the current year, NRSTA acquired tangible capital assets costing $1,003,539 (2000 - $219,866). The net book value of $3,565,488 (2000 - $2,964,058) represents the cost of tangible capital assets less an estimate of the portion of assets used in the delivery of services.

6. Commitments

As at December 31, 2001, NRSTA is committed to funding northern capital and water and sewer projects through 2003. These commitments total $14,255,837 (2000 - $14,884,073).

7. Budget

The budget was approved by the Executive Director of Community Support Services Branch of Municipal Affairs and Housing.

8. Designated Assets

Included in the District are northern settlements and recreational subdivisions. Under the Act, revenues collected with respect to northern settlements and recreational subdivisions must be used for the benefit of the respective communities and are not available for general purposes. The Act specifies that revenues derived from the sale of Crown land within the boundaries of a northern settlement are to be expended on capital works in that northern settlement. The Act also specifies that the revenue derived from the sale of capital assets must be spent on capital works.

Following is additional information on revenues, expenditures and net assets of northern settlements, recreational subdivisions and capital works:

	2001				2000
	Northern Settlements	Recreational Subdivisions	Capital Works	Total	Total
Revenues:					
Transfers:					
Water and sewer	$ 912,111	$ ---	$ ---	$ 912,111	$ 76,597
Northern revenue sharing	786,356	---	---	786,356	786,356
Other	72,344	---	---	72,344	36,114
Northern capital	30,698	---	---	30,698	97,993
Utility and fuel sales	726,727	---	---	726,727	775,541
Interest	108,632	21,566	---	130,198	118,710
Taxation	28,333	59,625	---	87,958	95,167
Lease fees	27,712	---	---	27,712	29,973
Other	93,639	427	---	94,066	193,205
Land and capital asset sales	---	---	18,446	18,446	4,577
	2,786,552	81,618	18,446	2,886,616	2,214,233
Expenditures:					
Capital assets expenditures	987,090	13,799	---	1,000,889	209,246
Municipal Services:					
Utilities and fuel costs	780,268	---	---	780,268	815,260
Transportation	191,857	38,426	---	230,283	185,917
General government	154,208	6,431	---	160,639	133,554
Community projects	142,813	---	---	142,813	88,308
Recreation and cultural	124,395	1,143	---	125,538	128,259
Environmental	95,401	17,380	---	112,781	110,787
Public health and welfare	9,297	---	---	9,297	2,830
Protective services	6,202	2,465	---	8,667	2,796
Bad debt provision	23,862	(12,563)	---	11,299	32,298
	2,515,393	67,081	---	2,582,474	1,709,255
Surplus for the year	271,159	14,537	18,446	304,142	504,978
Net designated assets, beginning of year	2,554,375	357,941	196,477	3,108,793	2,603,815
Net designated assets, end of year	$ 2,825,534	$ 372,478	$ 214,923	$3,412,935	$3,108,793

9. Expenditures by Object

	2001 Budget	2001 Actual	2000 Actual
Transfers	$ 15,419,426	$ 11,123,556	$ 7,786,604
Operating costs	1,742,556	1,636,632	1,601,668
Capital asset expenditures	691,689	1,003,539	219,866
Salaries and benefits	371,622	317,422	237,509
Other	829,042	683,681	767,339
	$ 19,054,335	$ 14,764,830	$10,612,986

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to NRSTA by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled on agreed upon exchange amounts. The following table summarizes the routine related party transactions for the year:

	2001	2000
Revenues:		
Other revenue	44,075	10,554
Expenditures:		
General government	789,984	777,957
Water and sewer transfers	557,933	181,816
Accounts receivable:		
Due from the General Revenue Fund	997,215	—
Lease receivable	323,196	—
Other receivable	2,938	4,539
Accounts payable	479,771	264,778

In addition, NRSTA pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

NRSTA received the following transfers from related parties during the year:

	2001	2000
General Revenue Fund		
- Department of Municipal Affairs and Housing	$ 7,585,275	$ 7,386,000
- Department of Post Secondary Education and Skills Training	63,358	26,977
Centennial Summer Student Employment Program	2,000	—
Saskatchewan Lotteries	6,986	9,137
	$ 7,657,619	$ 7,422,114

The Department of Environment and Resource Management (Environment) is responsible for administering Crown land within the District. Therefore, Crown land is not reflected on the statement of financial position. However, in accordance with the Northern Crown Land Disposition Regulations and the Act, NRSTA is entitled to receive all proceeds from Crown land sales and leases within the District. During the year, Environment charged NRSTA $430,000 (2000 - $430,000) for administration of Crown land lease fees and Crown land sales, which is included in general government expenditures.

An annual administration charge of $200,000 has been established by the Department of Municipal Affairs and Housing to offset its expenses for administering NRSTA, which is included in general government

expenditures. At December 31, 2001, $150,000 (2000 - $150,000) remains unpaid and has been recorded as an account payable on the statement of financial position.

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.